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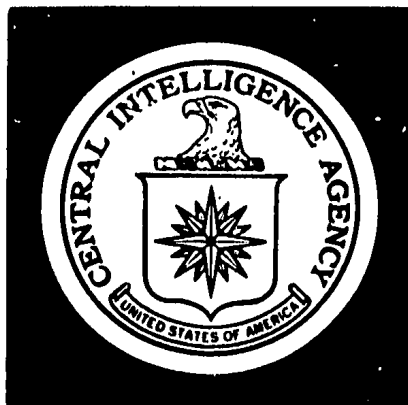
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DIRECTORATE OF  
INTELLIGENCE

# Intelligence Memorandum

*Cuba: Progress Of Castro's Sugar Production Drive*

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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
March 1970

INTELLIGENCE MEMORANDUM

Cuba:  
Progress Of Castro's Sugar Production Drive

Introduction

Cuba is in the midst of an intensive effort that Castro hopes will yield 10 million metric tons of sugar during the 1970 crop year -- nearly 40% more than the 1952 record. Although many uncertainties remain, a projection somewhat above our initial estimate of 7 million to 8 million tons now seems appropriate.\* Moreover, the recently signed Soviet-Cuban trade protocol for 1970 throws new light on the economic significance of the harvest. This memorandum reviews recent developments in sugar production and reassesses the likely outcome of the campaign and the impact on Cuba's trade.

Background

1. The current sugar harvest has been in the forefront of Cuba's economic planning since 1963, when Castro first established the goal of 10 million tons for 1970. Efforts to achieve this goal have been under way ever since, reaching their climax last year. New cane plantings were about three times normal, increasing the total land area

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devoted to cane by about 25%. An extensive expansion and rehabilitation program in the sugar mills, which had been in progress for several years, was intensified and nearly completed. Large tracts of the best sugarcane were deliberately left uncut last year in order to increase their yield in 1970, by giving them a two-year growing cycle. All these activities interfered with the 1969 harvest and were primarily responsible for its failure.

The Production Effort to Mid-March

2. Cuban sugar production is at a record level for this time of year. Cane cutting began in a few areas last July -- an unheard of procedure -- and a large-scale effort got under way in early November.\* Moreover, by postponing the Christmas and New Year celebrations to mid-1970, Castro avoided the usual harvesting lull in late December and early January. These unprecedented measures are primarily responsible for the high sugar output achieved so far -- about 4.47 million tons on 15 March, compared with 3.38 million tons on that day in 1967, the best recent year.

3. Nevertheless, production is lagging behind the schedule Castro announced last December. Cuba reached an output of 4.0 million tons five days late, in part because rainfall was above normal in January and February and because a number of mills were having problems completing their expansion programs. The rains not only physically hampered harvesting but also limited the seasonal rise in milling yields that is associated with the cane's growing sucrose content. Because of the latter problem, the government shut down 21 of Cuba's 152 mills during most of February to conserve cane for a period of higher yields.

Outlook for Total 1970 Production

4. During the remaining four months of the harvest, output probably will fall further and further below plan. If weather is close to normal, we

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\* The sugar harvest normally starts in November or early December and ends in June or July, with most production taking place during January-May.

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estimate production in 1970 at 7-1/2 million to 8-1/2 million tons (see the chart). Recent progress indicates that Cuba's daily harvesting and milling capacity is much the same now as in 1967. The production rate this month apparently is running a little behind 1967 because of continuing poor weather and operating problems at some mills. It probably will surpass the 1967 level during April, however, because cane will be plentiful and harvesting and milling activities should be at its height. Output probably will reach about 6-1/2 million tons by 30 April.

5. The course of the harvest during May-July is uncertain, since Cuba has had little experience with full-scale efforts during the rainy season that normally commences in May. In past years, production fell off sharply in May and almost ceased thereafter -- either because cane stands were largely exhausted or because export quotas made further production unnecessary. Spring weather (if normal) will interfere with the continuing production campaign, impeding cane cutting and reducing milling yields by delaying delivery of cane to mills as well as by diminishing its sucrose content. Muddy fields and roads will place added strain on harvesting and transport equipment. The long production season also will mean greater wear and tear on equipment than normal and probably will cause a larger-than-usual number of equipment breakdowns in the fields and mills.

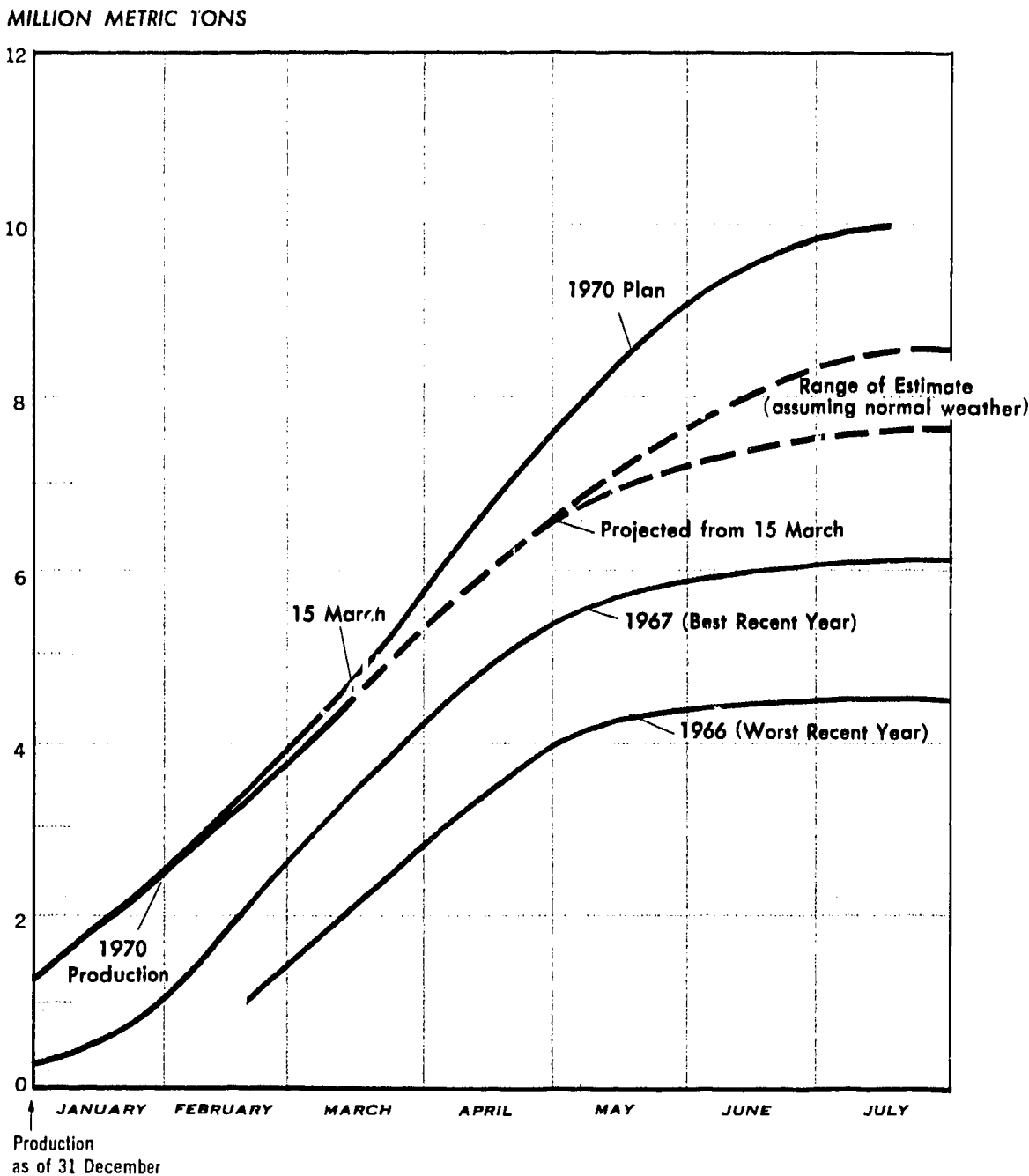
6. Daily sugar production thus will almost certainly fall off appreciably after 30 April, even though an estimated 27 million tons of cane of the initial 87 million will remain. Production is unlikely to decline as rapidly as usual, however, because of aggressive efforts to cut all the cane despite obstacles. With normal weather, Cuba seems capable of producing between 1 million and 2 million tons of sugar during the rainy season, for a harvest total of 7-1/2 million to 8-1/2 million tons. Final output would, accordingly, fall 15% to 25% short of Castro's goal.

7. Although unlikely, output exceeding 8-1/2 million tons cannot be ruled out -- particularly if Cuba has an unseasonably dry spring, as has happened in four of the past ten years. It might also occur

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CUBA: Cumulative Sugar Production



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if the remaining cane is concentrated in areas having the latest spring rains, as some evidence suggests will be the case. If the spring rains arrive early or are unusually heavy, on the other hand, output may fall below 7-1/2 million tons. Finally, unforeseen labor or equipment problems may hold production below the range that now appears likely.

### Foreign Trade Prospects

8. Sugar exports in calendar year 1970 are now expected to reach at least 7.0 million tons and could range up to 8.0 million tons. The previous record was 6.4 million tons in 1961, and no more than 4.5 million tons were exported in 1969. Cuba apparently will receive about the same sugar prices in 1970 as in 1969 -- about 6 cents per pound from Communist countries and about 3 cents from Free World purchasers. Almost all of the export gain will go to the USSR because shipments to other Communist countries have long been relatively stable and because Free World sales cannot increase much under the International Sugar Agreement. Sugar exports of 7.0 million tons would yield about \$800 million and bring total Cuban exports to some \$900 million, compared with less than \$600 million in 1969.

9. Sharply increased export earnings apparently will not enable Cuba to raise imports significantly. According to the Soviet press, the Cuban trade official who recently signed the 1970 agreement with the USSR said, "We hope trade between our countries will be balanced this year." The agreement calls for Cuban sugar deliveries of 5.0 million tons in 1970, as against less than 1.5 million in 1969. If imports from the USSR were unchanged, such sugar deliveries would very nearly balance Cuban-Soviet trade in contrast to Cuba's deficit of more than \$400 million in 1969.

### Conclusions

10. Sugar production in the 1970 crop year probably will range between 7-1/2 million and 8-1/2 million tons, compared with only 4-1/2 million in 1969 and the previous record of 7.2 million in 1952. Castro's goal of 10 million tons appears beyond reach

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despite a massive, unprecedented effort. There is some possibility that 1970 output may fall slightly outside the range of 7-1/2 million to 8-1/2 million tons if the weather is extreme.

11. Sugar exports will rise sharply in 1970, with almost all the increase going to the Soviet Union to eliminate Cuba's usually large trade deficit. Little or no increase in Cuban imports is in prospect. Although increased sugar output will markedly raise the economic growth rate and dramatically improve the trade balance in 1970, the average Cuban will experience virtually no improvement in his circumstances.

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